



# U.S.-KOREA TRADE AGREEMENT

## California Farmers Will Benefit

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The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of California's agricultural products, including dairy, beef, vegetables, fruits, and tree nuts. California's agricultural exports to all countries, estimated at \$12.5 billion in 2009, supported about 100,000 jobs, on and off the farm. These export sales make an important contribution to the California farm economy, which had total cash receipts of \$34.8 billion in 2009.

**Fruits and Fruit Products.** California is the nation's leading grower and exporter of fruit, with exports of fresh and processed fruits valued at nearly \$2.8 billion in 2009. The KORUS agreement will provide many benefits to the California fruit industry.

- Fruits and fruit products gaining immediate duty-free access include cherries, raisins, grape juice, and frozen orange juice.
- Many other products such as dried plums, avocados, lemons, and grapefruit will see duties eliminated in either 2 or 5 years.
- A 5-year front-loaded tariff elimination schedule will benefit an estimated 70 percent of U.S. table grape exports. Tariffs on the remaining 30 percent of grape exports will be eliminated over 17 years.
- The tariff on oranges from March through August will drop from 50 percent to 30 percent immediately upon implementation and then be reduced to zero in seven years. Market access between September through February is subject to a duty-free tariff-rate quota (TRQ).

**Tree Nuts.** California is the nation's largest producer and exporter of tree nuts and has the world's largest almond industry, which continues to expand rapidly. California's tree nut exports totaled \$3.2 billion in 2009. Current duties on tree nuts range from 8 to 45 percent. Under the KORUS agreement:

- Almonds and pistachios will become duty free immediately.
- Shelled walnuts will be duty free within 6 years.

**Vegetables and Vegetable Products.** California is the nation's leading grower and exporter of vegetables, with nearly \$2 billion exported in 2009. Under the KORUS agreement:

- Tariffs on asparagus, canned and processed tomatoes, frozen potato fries, and chipping potatoes (during the U.S. potato shipping season) will become duty free immediately.
- A new 3,000-metric ton duty-free TRQ will provide new access fresh potatoes.

- Other products such as carrots, lettuce, and sweet corn, with duties ranging from 30 to 45 percent, will have tariffs phased out in either 5 or 10 years.

**Dairy Products.** With cash receipts of \$4.5 billion in 2009, California is the nation's second largest dairy producer and exporter with overseas sales estimated at \$458 million. Under the KORUS agreement:

- Duty-free TRQs will be established for cheese, skim/whole milk powder, food whey, and butter.
- U.S. feed whey exports, which totaled \$8 million in 2009, will gain duty-free access to the Korean market immediately upon implementation.

**Cattle and Beef.** California's cattle and calf industry earned cash receipts of nearly \$1.7 billion in 2009. The KORUS agreement will provide many benefits to the cattle industry.

- For beef muscle meats, the KORUS agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the KORUS agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

**Wine.** California is home to the nation's largest wine industry and is the nation's number one exporter. California's wine producers will benefit from the agreement as all import tariffs on wine in the growing Korean market will be immediately eliminated.

<b>Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)</b>		
<b>Product</b>	<b>U.S. to World</b>	<b>California to World</b>
<b>Fruits and Fruit Products</b>	\$5,713,000,000	\$2,802,000,000
<b>Tree Nuts</b>	\$3,495,000,000	\$3,240,000,000
<b>Vegetables and Vegetable Products</b>	\$5,279,000,000	\$1,994,000,000
<b>Dairy Products</b>	\$2,335,000,000	\$458,000,000
<b>Cattle and Beef</b>	\$6,703,000,000	\$292,000,000
<b>Wine</b>	\$842,000,000	\$741,000,000
<b>Agricultural Total</b>	\$96,632,000,000	\$12,499,000,000

*Compiled by ERS using data from Census Bureau, Commerce and NASS.*

*Note:* All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).